



General Assembly

February Session, 2014

Raised Bill No. 468

LCO No. 2597



Referred to Committee on FINANCE, REVENUE AND
BONDING

Introduced by:
(FIN)

***AN ACT ESTABLISHING INITIATIVES TO PROMOTE HOME
OWNERSHIP.***

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2014*) (a) For purposes of this
2 section, "owner-occupied home" means a residential unit within a
3 residential or mixed-use building containing not more than four
4 residential units, one of which is occupied as a primary residence by
5 the owner of the unit.

6 (b) A municipality where thirty per cent or less of its residential
7 units are owner-occupied homes shall, and any other municipality
8 may, by vote of its legislative body or, in a municipality where the
9 legislative body is a town meeting, by vote of the board of selectmen,
10 institute a program to promote homeownership in certain areas of
11 such municipality. Such program shall abate property taxes and
12 provide an exemption from personal income taxes for residents within
13 certain census blocks that have owner-occupied home rates of fifteen
14 per cent or less.

15 (c) A municipality choosing to proceed under this section shall
16 determine which of the census blocks within such municipality have a
17 number of owner-occupied homes equaling fifteen per cent or less of
18 the residential units in such census block, and shall designate two or
19 more of such census blocks as a homeownership incentive block. The
20 municipality shall abate one hundred per cent of the property taxes on
21 any owner-occupied home within a homeownership incentive block.

22 (d) The Department of Revenue Services shall exempt each person
23 living within a homeownership incentive block from the taxes due
24 under chapter 229 of the general statutes, other than the liability
25 imposed by section 12-707 of the general statutes, provided such
26 persons shall continue to be eligible for the credit under section 12-
27 704e of the general statutes. The municipality shall provide the
28 department with any information needed by the department to allow
29 such exemption.

30 (e) The tax abatements and exemptions offered to owners of owner-
31 occupied homes pursuant to subsection (b) of this section and to
32 residents within a homeownership incentive block pursuant to
33 subsection (c) of this section shall continue until the number of owner-
34 occupied homes within such block meets or exceeds forty-nine per
35 cent. Upon reaching such percentage, the abatement and exemptions
36 allowed pursuant to this section shall phase out over a five-year
37 period. (1) The municipality shall charge the owner of each owner-
38 occupied home twenty per cent of the property tax otherwise owing
39 during the first assessment year commencing after the forty-nine-per-
40 cent goal is reached, and an additional twenty per cent each year
41 thereafter, until the owner is liable for all property tax owed on such
42 owner-occupied home. (2) Residents of the homeownership incentive
43 block shall be liable for twenty per cent of the income tax otherwise
44 due, as described in subsection (d) of this section, in the first taxable
45 year commencing after the forty-nine-per-cent goal is reached, and
46 shall be liable for an additional twenty per cent each year thereafter,
47 until all such residents are liable for all income taxes owed. The

48 municipality shall provide the department with any information
49 needed by the department to process such phase-in.

50 Sec. 2. Section 12-62r of the general statutes is repealed and the
51 following is substituted in lieu thereof (*Effective October 1, 2014*):

52 (a) For the purposes of this section:

53 (1) "Apartment property" means a building containing four or more
54 dwelling units used for human habitation, the parcel of land on which
55 such building is situated, and any accessory buildings or other
56 improvements located on such parcel;

57 (2) "Residential property" means a building containing three or
58 fewer dwelling units used for human habitation, the parcel of land on
59 which such building is situated, and any accessory buildings or other
60 improvements located on such parcel;

61 (3) "Base year" means the assessment year commencing October 1,
62 2010; [and]

63 (4) "Adjusted tax levy" means the total amount of taxes raised by
64 taxation in a fiscal year by a municipality; and

65 (5) "Owner-occupied residential property" means a dwelling unit in
66 a residential property that is occupied as a primary residence by the
67 owner of the dwelling unit.

68 (b) Notwithstanding any provision of the general statutes or any
69 special act, municipal charter or any home rule ordinance, any
70 municipality in which the provisions of section 12-62n were effective
71 for the assessment year commencing October 1, 2010, shall make
72 annual adjustments to the assessment rate charged to apartment and
73 residential property in accordance with the provisions of this section,
74 but in no event shall the assessment rate for any class of property be in
75 excess of seventy per cent.

76 (c) For the assessment year commencing October 1, 2011, in any
77 municipality that adopts the property tax system under this section,
78 apartment property shall be assessed at a rate of fifty per cent. For
79 assessment years commencing on and after October 1, 2012, the
80 assessor shall determine a rate of assessment for apartment property
81 that will have the effect of phasing in proportionate increases in the
82 rate so that, by the assessment year commencing October 1, 2015, the
83 assessment rate for apartment property shall be seventy per cent.

84 (d) In any municipality that adopts the property tax system under
85 this section, for the assessment year commencing October 1, 2011, and
86 only for said assessment year, the assessor shall determine a rate of
87 assessment for residential property that will have the effect of
88 increasing the average property tax for residential property as a result
89 of revaluation by three and one-half per cent over the property tax for
90 such property class in the base year, but in no event shall the
91 assessment rate be less than twenty-three per cent. For assessment
92 years commencing on and after October 1, 2011, the assessor shall then
93 calculate an adjustment to the rate of assessment for residential
94 property in accordance with subsection (e) of this section.

95 (e) Not later than January thirty-first or the completion of the grand
96 list, whichever is later, the assessor shall annually calculate the
97 difference in the adjusted tax levy by such municipality in the current
98 fiscal year and the prior fiscal year. The assessor shall then adjust the
99 adjusted tax levy for the current fiscal year in accordance with any
100 change in the consumer price index for all urban consumers in the
101 northeast region in the preceding fiscal year. If, after such adjustment,
102 (1) the adjusted tax levy in the current fiscal year exceeds the adjusted
103 tax levy in the prior fiscal year by more than one hundred per cent of
104 the rate of inflation, as determined in accordance with such consumer
105 price index, the assessor, in his or her calculation of the assessment
106 ratios for the next grand list, shall increase the rate of assessment for
107 residential properties from the prior grand list year by five per cent; (2)
108 the adjusted tax levy in the current fiscal year exceeds the adjusted tax

109 levy in the prior fiscal year by more than fifty per cent, but not more
 110 than one hundred per cent, of such rate of inflation, the assessor shall
 111 increase such rate of assessment by three and one-half per cent; (3) the
 112 adjusted tax levy in the current fiscal year exceeds the adjusted tax
 113 levy in the prior fiscal year by not more than fifty per cent of such rate
 114 of inflation, the assessor shall increase such rate of assessment by two
 115 and one-half per cent; (4) the adjusted tax levy in the current fiscal year
 116 is equal to the adjusted tax levy in the prior fiscal year, or is less than
 117 one-half per cent less than the adjusted tax levy in the prior fiscal year,
 118 the assessor shall increase such rate of assessment by one and one-half
 119 per cent; and (5) the adjusted tax levy in the current fiscal year is less
 120 than the adjusted tax levy in the prior fiscal year by at least one-half
 121 per cent, the assessor shall make no change in such rate of assessment.

122 (f) For assessment years commencing on and after October 1, 2016,
 123 any municipality that adopts the property tax system under this
 124 section may, by vote of its legislative body, enact an ordinance to
 125 establish a program to encourage homeownership by adjusting the
 126 annual assessment rate for non-owner-occupied residential properties
 127 so that, while the annual assessment rate for owner-occupied
 128 residential properties shall be calculated at all times in accordance with
 129 subsection (e) of this section, the annual assessment rate for non-
 130 owner-occupied residential properties shall be calculated at a rate that
 131 shall keep the annual assessment rate for owner-occupied residential
 132 properties lower than that of non-owner-occupied residential
 133 properties. Any ordinance enacted pursuant to this subsection may be
 134 amended only in a year in which such municipality conducts a
 135 reevaluation of real property pursuant to section 12-62.

136 ~~[(f)]~~ (g) Not later than June fifteenth in any year in which the
 137 adjusted tax levy in the current fiscal year increases by more than two
 138 and six-tenths per cent over the adjusted tax levy in the prior fiscal
 139 year, one per cent of the total number of electors of such municipality
 140 may petition in writing for a referendum on the budget establishing
 141 such increase. Any such referendum shall be held not more than ten

142 days after receipt of such petition by the town clerk and shall be
143 conducted in accordance with the provisions of chapter 90. Such
144 budget shall not become effective unless a majority of the electors
145 voting in such referendum vote in favor thereof. Only one referendum
146 may be held, and, if the vote is against the budget, such municipality
147 shall so adjust the budget as to limit any increase to be equal to or less
148 than two and six-tenths per cent.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2014</i>	New section
Sec. 2	<i>October 1, 2014</i>	12-62r

Statement of Purpose:

To provide municipalities with a program providing incentives for homeownership and to allow the use of different annual assessment rates for owner-occupied homes than for non-owner-occupied homes.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]